Benchmark Cable Rates When Municipal and Short-term Competitive Franchises Are Excluded

Systems with 750 subscribers, 5 to 24 channels: Prices per Channel

Satellite Channels	Total channels on regulated tiers																				Satellite Channels
	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	
0	$2.539	$2.169	$1.899	$1.692	$1.529	$1.396	$1.286	$1.193	$1.113	$1.044	$0.984	$0.930	$0.883	$0.840	$0.802	$0.767	$0.736	$0.707	$0.680	$0.656	0
1	$2.539	$2.169	$1.899	$1.692	$1.529	$1.396	$1.286	$1.193	$1.113	$1.044	$0.984	$0.930	$0.883	$0.840	$0.802	$0.767	$0.736	$0.707	$0.680	$0.656	1
2	$2.782	$2.377	$2.081	$1.854	$1.675	$1.529	$1.409	$1.307	$1.219	$1.144	$1.078	$1.019	$0.967	$0.921	$0.879	$0.841	$0.806	$0.774	$0.745	$0.718	2
3	$2.935	$2.508	$2.195	$1.956	$1.767	$1.613	$1.486	$1.378	$1.286	$1.207	$1.137	$1.075	$1.021	$0.971	$0.927	$0.887	$0.850	$0.817	$0.786	$0.758	3
4	$3.048	$2.604	$2.280	$2.032	$1.835	$1.676	$1.543	$1.432	$1.336	$1.253	$1.181	$1.117	$1.060	$1.009	$0.963	$0.921	$0.883	$0.848	$0.817	$0.787	4
5	$3.139	$2.682	$2.348	$2.092	$1.890	$1.726	$1.589	$1.474	$1.376	$1.291	$1.216	$1.150	$1.092	$1.039	$0.992	$0.949	$0.910	$0.874	$0.841	$0.811	5
6		$2.747	$2.405	$2.143	$1.936	$1.768	$1.628	$1.510	$1.409	$1.322	$1.246	$1.178	$1.118	$1.064	$1.016	$0.972	$0.932	$0.895	$0.861	$0.830	6
7			$2.454	$2.187	$1.976	$1.804	$1.662	$1.541	$1.438	$1.349	$1.271	$1.202	$1.141	$1.086	$1.037	$0.992	$0.951	$0.913	$0.879	$0.847	7
8				$2.226	$2.011	$1.836	$1.691	$1.569	$1.464	$1.373	$1.294	$1.224	$1.161	$1.105	$1.055	$1.009	$0.968	$0.930	$0.895	$0.862	8
9					$2.042	$1.865	$1.718	$1.593	$1.487	$1.395	$1.314	$1.243	$1.180	$1.123	$1.072	$1.025	$0.983	$0.944	$0.909	$0.876	9
10						$1.891	$1.742	$1.616	$1.508	$1.414	$1.332	$1.260	$1.196	$1.138	$1.087	$1.039	$0.997	$0.957	$0.921	$0.888	10
11							$1.764	$1.636	$1.527	$1.432	$1.349	$1.276	$1.211	$1.153	$1.100	$1.053	$1.009	$0.969	$0.933	$0.899	11
12								$1.655	$1.544	$1.449	$1.365	$1.291	$1.225	$1.166	$1.113	$1.065	$1.021	$0.981	$0.944	$0.910	12
13									$1.561	$1.464	$1.379	$1.305	$1.238	$1.178	$1.125	$1.076	$1.032	$0.991	$0.954	$0.919	13
14										$1.478	$1.393	$1.317	$1.250	$1.190	$1.136	$1.087	$1.042	$1.001	$0.963	$0.928	14
15											$1.406	$1.329	$1.262	$1.201	$1.146	$1.097	$1.051	$1.010	$0.972	$0.937	15
16												$1.341	$1.272	$1.211	$1.156	$1.106	$1.060	$1.019	$0.980	$0.945	16
17													$1.283	$1.221	$1.165	$1.115	$1.069	$1.027	$0.988	$0.952	17
18														$1.230	$1.174	$1.123	$1.077	$1.034	$0.996	$0.960	18
19															$1.182	$1.131	$1.085	$1.042	$1.003	$0.966	19
20																$1.139	$1.092	$1.049	$1.009	$0.973	20
21																	$1.099	$1.056	$1.016	$0.979	21
22																		$1.062	$1.022	$0.985	22
23																			$1.028	$0.991	23
24																				$0.997	24
	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	
	Total channels on regulated tiers																				

Note: Benchmarks derived by re-estimating the FCC benchmark equation from the FCC sample, excluding franchises served by a municipally-owned cable system and franchises characterised by competition that has persisted 5 years or less.

Benchmark Cable Rates When Municipal and Short-term Competitive Franchises Are Excluded

Systems with 1,000 subscribers, 5 to 24 channels: Prices per Channel

Satellite Channels	Total channels on regulated tiers																				Satellite Channels
	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	
0	$2.533	$2.164	$1.895	$1.688	$1.525	$1.392	$1.283	$1.190	$1.110	$1.041	$0.981	$0.928	$0.881	$0.838	$0.800	$0.766	$0.734	$0.705	$0.678	$0.654	0
1	$2.533	$2.164	$1.895	$1.688	$1.525	$1.392	$1.283	$1.190	$1.110	$1.041	$0.981	$0.928	$0.881	$0.838	$0.800	$0.766	$0.734	$0.705	$0.678	$0.654	1
2	$2.775	$2.371	$2.076	$1.850	$1.671	$1.526	$1.406	$1.304	$1.216	$1.141	$1.075	$1.017	$0.966	$0.919	$0.877	$0.839	$0.804	$0.772	$0.743	$0.717	2
3	$2.928	$2.501	$2.190	$1.951	$1.763	$1.609	$1.482	$1.375	$1.283	$1.204	$1.134	$1.073	$1.018	$0.969	$0.925	$0.886	$0.848	$0.815	$0.784	$0.756	3
4	$3.041	$2.598	$2.274	$2.027	$1.831	$1.672	$1.540	$1.428	$1.333	$1.250	$1.178	$1.114	$1.057	$1.006	$0.961	$0.919	$0.881	$0.846	$0.815	$0.785	4
5	$3.132	$2.676	$2.342	$2.087	$1.885	$1.722	$1.586	$1.471	$1.373	$1.288	$1.213	$1.147	$1.089	$1.036	$0.989	$0.946	$0.907	$0.872	$0.839	$0.809	5
6		$2.741	$2.399	$2.138	$1.931	$1.763	$1.624	$1.507	$1.406	$1.319	$1.243	$1.175	$1.115	$1.062	$1.013	$0.969	$0.929	$0.893	$0.859	$0.828	6
7			$2.448	$2.182	$1.971	$1.800	$1.657	$1.538	$1.435	$1.346	$1.268	$1.199	$1.138	$1.083	$1.034	$0.989	$0.948	$0.911	$0.877	$0.845	7
8				$2.221	$2.006	$1.832	$1.687	$1.565	$1.460	$1.370	$1.291	$1.221	$1.158	$1.103	$1.052	$1.007	$0.965	$0.927	$0.892	$0.860	8
9					$2.037	$1.860	$1.713	$1.589	$1.483	$1.391	$1.311	$1.240	$1.177	$1.120	$1.069	$1.023	$0.980	$0.942	$0.906	$0.874	9
10						$1.886	$1.737	$1.612	$1.504	$1.411	$1.329	$1.257	$1.193	$1.136	$1.084	$1.037	$0.994	$0.955	$0.919	$0.886	10
11							$1.759	$1.632	$1.523	$1.429	$1.346	$1.273	$1.208	$1.150	$1.098	$1.050	$1.007	$0.967	$0.931	$0.897	11
12								$1.651	$1.541	$1.445	$1.362	$1.288	$1.222	$1.163	$1.110	$1.062	$1.018	$0.978	$0.941	$0.907	12
13									$1.557	$1.460	$1.376	$1.301	$1.235	$1.176	$1.122	$1.073	$1.029	$0.988	$0.951	$0.917	13
14										$1.475	$1.389	$1.314	$1.247	$1.187	$1.133	$1.084	$1.039	$0.998	$0.961	$0.926	14
15											$1.402	$1.326	$1.259	$1.198	$1.143	$1.094	$1.049	$1.007	$0.970	$0.935	15
16												$1.338	$1.269	$1.208	$1.153	$1.103	$1.058	$1.016	$0.978	$0.943	16
17													$1.279	$1.218	$1.162	$1.112	$1.066	$1.024	$0.986	$0.950	17
18														$1.227	$1.171	$1.120	$1.074	$1.032	$0.993	$0.957	18
19															$1.180	$1.128	$1.082	$1.039	$1.000	$0.964	19
20																$1.136	$1.089	$1.046	$1.007	$0.971	20
21																	$1.096	$1.053	$1.013	$0.977	21
22																		$1.060	$1.020	$0.983	22
23																			$1.026	$0.989	23
24																				$0.994	24
	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	
	Total channels on regulated tiers																				

Note: Benchmarks derived by re-estimating the FCC benchmark equation from the FCC sample, excluding franchises served by a municipally-owned cable system and franchises characterised by competition that has persisted 5 years or less.

Benchmark Cable Rates When Municipal and Short-term Competitive Franchises Are Excluded

Systems with 750 subscribers, 25 to 100 channels: Prices per Channel

Satellite Channels	Total channels on regulated tiers															
	25	30	35	40	45	50	55	60	65	70	75	80	85	90	95	100
0	$0.633	$0.541	$0.473	$0.422	$0.381	$0.348	$0.320	$0.297	$0.277	$0.260	$0.245	$0.232	$0.220	$0.209	$0.200	$0.191
5	$0.782	$0.669	$0.585	$0.522	$0.471	$0.430	$0.396	$0.368	$0.343	$0.322	$0.303	$0.287	$0.272	$0.259	$0.247	$0.236
10	$0.857	$0.733	$0.641	$0.571	$0.516	$0.471	$0.434	$0.403	$0.376	$0.353	$0.332	$0.314	$0.298	$0.284	$0.271	$0.259
15	$0.904	$0.773	$0.676	$0.603	$0.545	$0.497	$0.458	$0.425	$0.396	$0.372	$0.350	$0.331	$0.314	$0.299	$0.286	$0.273
20	$0.939	$0.803	$0.703	$0.626	$0.566	$0.516	$0.476	$0.441	$0.412	$0.386	$0.364	$0.344	$0.327	$0.311	$0.297	$0.284
25	$0.967	$0.827	$0.724	$0.645	$0.582	$0.532	$0.490	$0.454	$0.424	$0.398	$0.375	$0.354	$0.336	$0.320	$0.306	$0.292
30		$0.847	$0.741	$0.660	$0.597	$0.545	$0.502	$0.465	$0.434	$0.407	$0.384	$0.363	$0.345	$0.328	$0.313	$0.299
35			$0.756	$0.674	$0.609	$0.556	$0.512	$0.475	$0.443	$0.416	$0.392	$0.371	$0.352	$0.335	$0.319	$0.306
40				$0.686	$0.620	$0.566	$0.521	$0.483	$0.451	$0.423	$0.399	$0.377	$0.358	$0.341	$0.325	$0.311
45					$0.629	$0.575	$0.529	$0.491	$0.458	$0.430	$0.405	$0.383	$0.363	$0.346	$0.330	$0.316
50						$0.583	$0.537	$0.498	$0.465	$0.436	$0.411	$0.388	$0.368	$0.351	$0.335	$0.320
55							$0.543	$0.504	$0.470	$0.441	$0.416	$0.393	$0.373	$0.355	$0.339	$0.324
60								$0.510	$0.476	$0.446	$0.421	$0.398	$0.378	$0.359	$0.343	$0.328
65									$0.481	$0.451	$0.425	$0.402	$0.382	$0.363	$0.347	$0.332
70										$0.456	$0.429	$0.406	$0.385	$0.367	$0.350	$0.335
75											$0.433	$0.410	$0.389	$0.370	$0.353	$0.338
80												$0.413	$0.392	$0.373	$0.356	$0.341
85													$0.395	$0.376	$0.359	$0.344
90														$0.379	$0.362	$0.346
95															$0.364	$0.349
100																$0.351
	25	30	35	40	45	50	55	60	65	70	75	80	85	90	95	100
	Total channels on regulated tiers															

Satellite Channels: 0, 5, 10, 15, 20, 25, 30, 35, 40, 45, 50, 55, 60, 65, 70, 75, 80, 85, 90, 95, 100

Note: Benchmarks derived by re-estimating the FCC benchmark equation from the FCC sample, excluding franchises served by a municipally-owned cable system and franchises characterised by competition that has persisted 5 years or less.

Benchmark Cable Rates When Municipal and Short-term Competitive Franchises Are Excluded

Systems with 1,000 subscribers, 25 to 100 channels: Prices per Channel

Satellite Channels	Total channels on regulated tiers																Satellite Channels
	25	30	35	40	45	50	55	60	65	70	75	80	85	90	95	100	
0	$0.631	$0.539	$0.472	$0.421	$0.380	$0.347	$0.320	$0.297	$0.277	$0.260	$0.245	$0.231	$0.220	$0.209	$0.199	$0.191	0
5	$0.781	$0.667	$0.584	$0.520	$0.470	$0.429	$0.395	$0.367	$0.342	$0.321	$0.302	$0.286	$0.271	$0.258	$0.247	$0.236	5
10	$0.855	$0.731	$0.640	$0.570	$0.515	$0.470	$0.433	$0.402	$0.375	$0.352	$0.331	$0.313	$0.297	$0.283	$0.270	$0.258	10
15	$0.902	$0.771	$0.675	$0.601	$0.543	$0.496	$0.457	$0.424	$0.396	$0.371	$0.349	$0.331	$0.314	$0.299	$0.285	$0.273	15
20	$0.937	$0.801	$0.701	$0.625	$0.564	$0.515	$0.474	$0.440	$0.411	$0.385	$0.363	$0.343	$0.326	$0.310	$0.296	$0.283	20
25	$0.965	$0.824	$0.722	$0.643	$0.581	$0.531	$0.489	$0.453	$0.423	$0.397	$0.374	$0.354	$0.336	$0.319	$0.305	$0.292	25
30		$0.845	$0.739	$0.659	$0.595	$0.543	$0.500	$0.464	$0.433	$0.406	$0.383	$0.362	$0.344	$0.327	$0.312	$0.299	30
35			$0.754	$0.672	$0.607	$0.555	$0.511	$0.474	$0.442	$0.415	$0.391	$0.370	$0.351	$0.334	$0.319	$0.305	35
40				$0.684	$0.618	$0.564	$0.520	$0.482	$0.450	$0.422	$0.398	$0.376	$0.357	$0.340	$0.324	$0.310	40
45					$0.628	$0.573	$0.528	$0.490	$0.457	$0.429	$0.404	$0.382	$0.363	$0.345	$0.329	$0.315	45
50						$0.581	$0.535	$0.497	$0.463	$0.435	$0.410	$0.387	$0.368	$0.350	$0.334	$0.320	50
55							$0.542	$0.503	$0.469	$0.440	$0.415	$0.392	$0.372	$0.354	$0.338	$0.324	55
60								$0.509	$0.475	$0.445	$0.420	$0.397	$0.377	$0.358	$0.342	$0.327	60
65									$0.480	$0.450	$0.424	$0.401	$0.381	$0.362	$0.346	$0.331	65
70										$0.454	$0.428	$0.406	$0.384	$0.365	$0.349	$0.334	70
75											$0.432	$0.409	$0.388	$0.369	$0.352	$0.337	75
80												$0.412	$0.391	$0.372	$0.355	$0.340	80
85													$0.394	$0.375	$0.358	$0.343	85
90														$0.378	$0.361	$0.345	90
95															$0.363	$0.348	95
100																$0.350	100
	25	30	35	40	45	50	55	60	65	70	75	80	85	90	95	100	
	Total channels on regulated tiers																

Note: Benchmarks derived by re-estimating the FCC benchmark equation from the FCC sample, excluding franchises served by a municipally-owned cable system and franchises characterised by competition that has persisted 5 years or less.

Tests to Define "Short-Term" Competition

Boundary between "Short-" and "Long-Term" Competition (Years)	Explanatory Power of Equation (R-squared)
1	56.3
2	56.6
3	58.0
4	59.0
5	**67.9**
6	66.0
7	60.9
8	60.9
9	60.9
10	60.9

EXHIBIT 6

DECLARATION

I, Vince King, hereby declare under penalty of perjury that the following is true and correct to the best of my knowledge, information and belief:

ACI Management, Inc. ("ACI") manages systems in Brookshire, Waelder, Chimney Hill, Fulshear, Prairie View, Moulton, Ponder and Argyle, Texas. The average number of subscribers for these systems is 266 and the systems serve a total of approximately 2,000 subscribers. The average number of subscribers per community unit is 152. These systems offer an average of 24 channels of regulated service.

Approximately one year ago, ACI was brought in to turn around and manage these systems, which have suffered net losses for the last five years. Through ACI's efforts, the systems' net losses have begun to decrease. However, as demonstrated by the chart below, compliance with the FCC's benchmarks would substantially increase the systems' net losses. The systems currently operate under a forbearance agreement with their lender. Any reduction in operating revenue would violate multiple revenue and cash flow covenants in the forbearance agreement. Furthermore, such violations could cause the systems to go into bankruptcy, and ultimately cause deactivation of the systems. This loss of service would leave the 2000 subscribers of the systems without cable television service.

The following chart illustrates the dramatic reductions that would l

required to comply with FCC benchmarks:

Monthly Cash Flow
Per Subscriber Basis

	Current	Benchmark
Revenue		
Regulated	22.96	21.57
Unregulated	6.45	6.43
	30.41	28.00
Operating Expenses	22.81	22.81
Interest Expense	5.69	5.69
Principal Reduction	0.94	0.94
Maintenance Cap Expense */	1.88	1.88
	31.32	31.32
Net Cash Loss	-0.91	-3.32

*/ "Maintenance capital expense" includes routine replacement costs for equipmen including equipment changes required by the FCC's new technical standards.

Vince King
President,
ACI Management, Inc.

Dated: June 10, 1993

EXHIBIT 7

DECLARATION OF JAY BUSCH

I, Jay Busch, hereby declare under penalty of perjury that the following is true and correct to the best of my knowledge, information and belief:

1. My name is Jay Busch. I am President of Triax Communications Corporation. Triax operates approximately 460 cable systems in 17 states, and provides cable service to approximately 345,000 subscribers.

2. Triax operates a large number of cable systems that would be severely affected by application of the Federal Communications Commission's rate regulation benchmarks.

3. For example, Triax operates a cable system in Wilsonville, Illinois. Triax acquired the system in 1988 and currently provides 17 channels of video programming to 98 subscribers.

4. In 1992 the system had total revenues of $32,000.

5. During the same period, the system experienced pro rata operating expenses of approximately $15,700. The depreciation and amortization for the system (on a pro rata basis) was approximately $14,100, and the interest expense for the system (also on a pro rata basis) was approximately $12,600.

6. During 1992, therefore, the Wilsonville system had a net loss of $10,400.

7. The FCC benchmark methodology would require Triax to reduce the revenues from regulated services in the Wilsonville system by approximately $4,400, for a net loss of $14,800.

8. In the event Triax decreased its rates (and revenues) by $4,400, the system's net loss would increase to the point where revenues would not cover all of the current interest expense associated with the system, excluding (non-cash) depreciation and amortization charges.

9. In order to comply with the FCC's rules, by June 21, 1993, Triax must take one of three steps: (1) cease its operations in the system, forcing it to cut off service to all of the system's subscribers; (2) roll back its rates to benchmark levels which will reduce its revenues so that the system cannot even cover its interest expense, let alone any of the system's depreciation or amortization; or (3) attempt to maintain its current rate structure based on a cost-of-service analysis. However, the FCC has not issued standards to guide cable operators through their cost-of-service analysis, notwithstanding its threat that any attempt to justify rates by a cost-of-service analysis could result in a reduction of rates to a level below the benchmark.

10. In view of the FCC's threat, coupled with the FCC's failure to issue any standards to guide cable operators through their cost-of-service analysis, Triax simply does not have sufficient information to determine whether it should shut down the system, reduce its rates to benchmark levels, or attempt a cost-of-service analysis.

11. If this were a stand-alone system, the inability to meet the system's interest expenses would require serious consideration to shutting the system off. On the other hand, although Triax believes that any reasonable cost-of-service analysis would justify the system's existing rates (and even a substantial increase), Triax has no assurance at this time that what it considers a reasonable cost of service analysis will be employed. And the FCC has indicated that cable systems (including Triax) may be required to make a refund to subscribers back to June 21, 1993, for any charges above those justified by the FCC's analysis. Therefore, if Triax chooses to retain its current rates based on a cost-of-service analysis, it runs the risk that its net losses could be even higher than the losses that would be generated for the period after June 21 under the benchmarks.

Jay Busch

10226

EXHIBIT 8

[PROPOSED FCC FORM FOR SYSTEMS
WITH LESS THAN 1,000 SUBSCRIBERS]

(1) Name of respondent: _____

_____

(2) Location of system at issue: _____

(3) List all systems treated on a consolidated accounting basis by respondent as of April 5, 1993: _____

(4) Total number of subscribers for all included systems: _____

(5) Total number of included systems: _____

(6) Average number of subscribers per system: _____

(7) Number of subscribers in system at issue: _____

If average number of subscribers for all included systems and actual number of subscribers for the system at issue are both less than 1,000 subscribers, complete the following information based on the accounting method used by the respondent as of April 5, 1993.

As of April 5, 1993:

(8) Total monthly gross revenues for the system: _____

(9) Total monthly interest payment for the system: _____

(10) Total monthly depreciation for the system: 1/ _____

(11) Total monthly operating costs for the system: _____

(12) Net monthly income (or loss) for the system (derived from subtracting items 8, 9 and 10 from item 7): _____

If net monthly income is less than __ percent of monthly gross revenues, the system's regulated rates are deemed to be reasonable without further analysis. If the system's net monthly income as of April 5, 1993, exceeds ___ percent of monthly gross revenues the system must complete an FCC Form 393 to evaluate compliance with the benchmarks. If the system's April 5, 1993 rates are deemed to be reasonable, they may be adjusted forward based on permissible pass-through items on the lines below.

(13) List permissible monthly pass-through cost items (such as franchise fees and increases in programming costs), which have occurred since April 5, 1993, and add such costs to April 5, 1993 rates:

Description of pass through item	Amount of pass-through
_____	_____
_____	_____
_____	_____
_____	_____
Total:	_____

_____

1/ Do not include amortization.

EXHIBIT 9

DECLARATION

I, Anthony P. Kern, hereby declare under penalty of perjury that the following statements are true and correct:

I am a Senior Manager in the worldwide Telecommunications practice of Arthur Andersen & Co. My primary area of expertise is cable television operations, management, valuation and economics. I have engaged in numerous studies of construction costs and cable competition for virtually every type of cable television system that exists in the United States. I have personally visited over 2,000 cable television systems during my career and directed consulting applications for nearly 6,000 cable television systems. I have given testimony as a cable television expert, under oath, in several US Federal Courts. My resume of professional experience is attached.

I have been asked to examine the relationship between the number of homes subscribing to cable television, in any given mile of cable plant, and the cost to construct that mile of plant on a per subscriber basis. Additionally, I have been asked to examine the relationship between the number of homes subscribing to cable television service, in any given mile of plant, and the cost to operate and maintain the plant on a per subscriber basis. Finally, I was asked to give my opinion, based solely on my experience, as to the average useful life for properly maintained cable television plant.

My conclusions are as follows:

1. The lower the number of subscribers per mile of cable plant - the higher the cost of construction, on a per subscriber basis. In other words, the investment made to construct that mile of plant is higher when spread over a smaller subscriber base. I have illustrated this in Chart 1 and Graph A (attached).

2. As compared to systems with a larger number of subscribers per plant mile, systems with lower subscribers per mile have a harder time recovering the investment and therefore have a lower rate of return on plant investment.

3. In addition to having a higher plant cost per subscriber, systems with smaller numbers of subscribers per mile of plant have higher per subscriber maintenance, rebuild, powering and network service call costs.

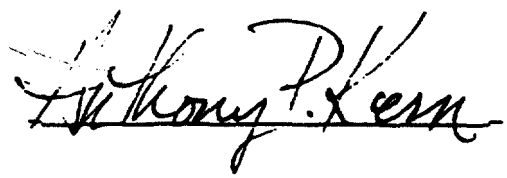
4. Based on my understanding of the work the FCC did in preparing the benchmarks, these factors were not taken into consideration.

5. In my experience, a conservative average cost to construct a mile of cable television distribution plant, over the past decade is $15,000. The average useful life for an aerial cable television plant, properly maintained without electronic or other rebuilds is 12 years.

6. We have determined that the average number of subscribers per mile represented by the systems which responded to the FCC's rate survey is 37.75. Assuming straightline depreciation over twelve years and an average cost to construct of $15,000, the average cable system represented by the revised benchmark requires $2.76 of revenues each month per subscriber, simply to cover depreciation of distribution plant ($15,000/12 years/12 months/37.75 subs per mile).

7. Chart 1 and Graph B (attached) show the additional revenue per month required per subscriber for the same average system with fewer subscribers per mile. As an example, assuming distribution plant costing $15,000 to construct, depreciated

straightline over 12 years, a cable system with 25 subscribers per mile would have associated monthly depreciation charges of $4.17 per subscriber, and increase of $1.41 or 51% over the average system with 37.75 subscribers per mile.

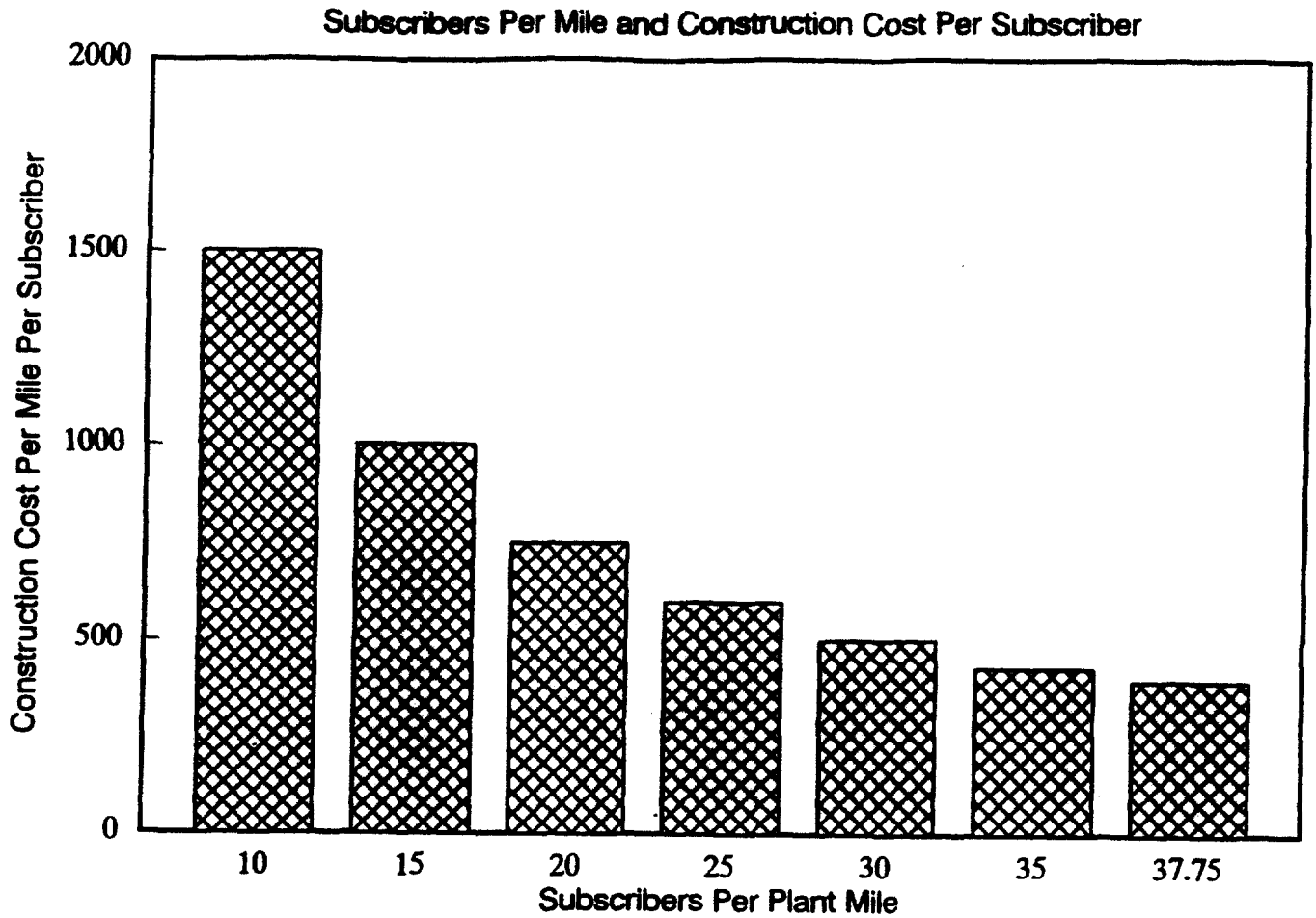


Anthony P. Kern

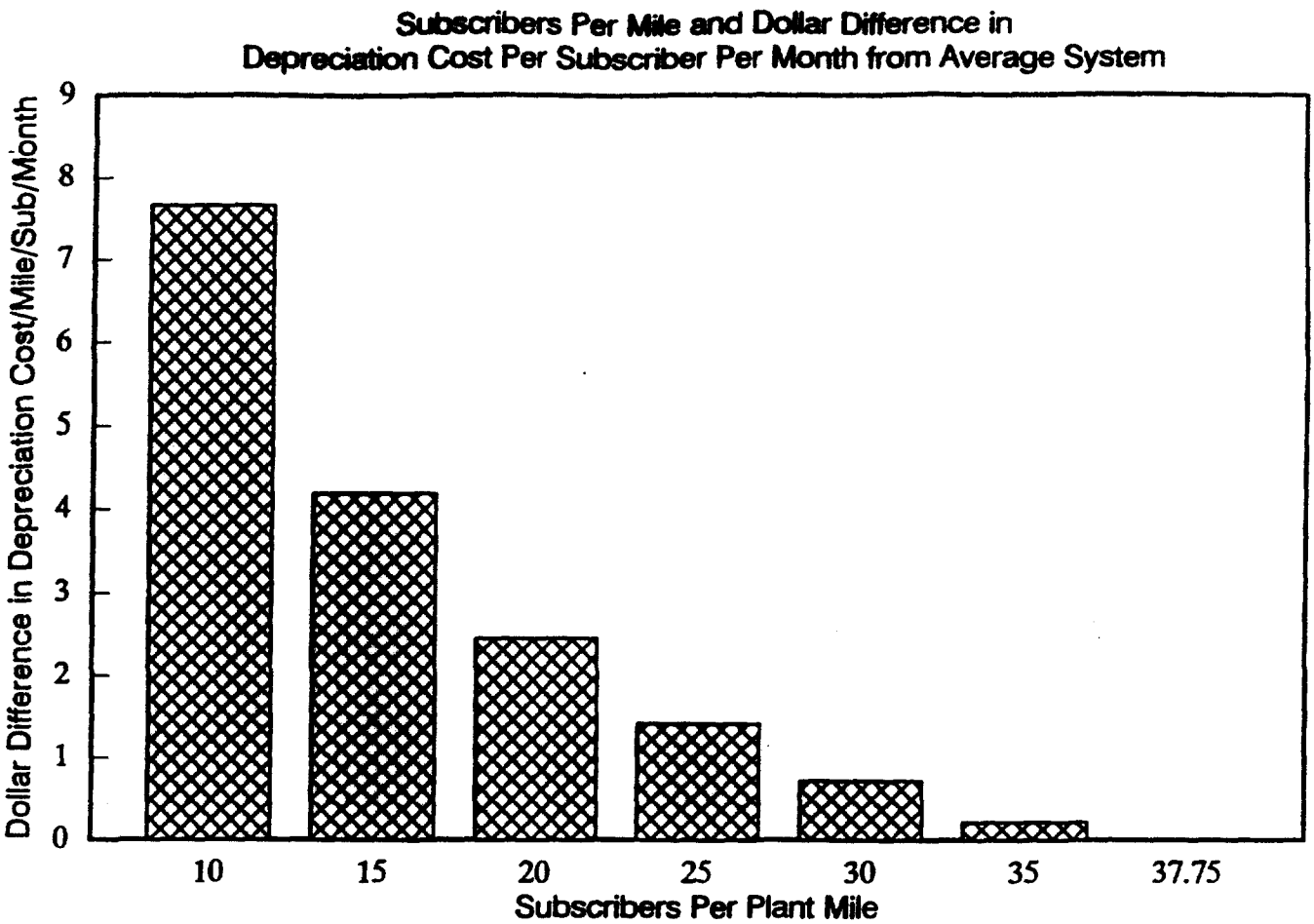
Subscribers Per Mile of Plant and Construction Cost per Subscriber

							Average
Construction Cost Per Mile	$15,000	$15,000	$15,000	$15,000	$15,000	$15,000	$15,000
*Subscribers Per Mile **	10	15	20	25	30	35	37.75
Construction Cost Per Mile Per Subscriber	$1,500	$1,000	$750	$600	$500	$429	$397
Percentage Difference From Average	277.50%	151.67%	88.75%	51.00%	25.83%	7.86%	0.00%
*Depreciation Cost Per Mile Per Month ***	104	104	104	104	104	104	104
Depreciation Cost Per Mile Per Subscriber Per Month	$10.42	$6.94	$5.21	$4.17	$3.47	$2.98	$2.76
Percentage Difference From Average	277.50%	151.67%	88.75%	51.00%	25.83%	7.86%	0.00%
Dollar Difference From Average	$7.66	$4.19	$2.45	$1.41	$0.71	$0.22	$0.00

* 37.75 subscribers per mile is the average from the FCC database.
** Assumes average life of 12 years.



Average cost to construct per mile is $15,000.
37.75 is average subscribers per mile from FCC sample.



Average cost to construct is $15,000/mile; straight line depreciation assumed over average of 12 yrs. 37.75 is average subscribers/mile from FCC sample.